

PRESS RELEASE:

The Oxfordshire commercial property market – what is the real deal?

By Sarah Scott of Meeson Williams Limited

Survey results and reports are useful to provide a national or regional perspective, but in these highly volatile times each local market operates and changes in their own particular way, susceptible to sudden influences such as changes in employment levels.

We have been monitoring our own records of enquiry levels, transactions, and overall supply in the Oxfordshire market (listed on EG Property link and other databases) over the last 18 months, in order to understand how businesses are reacting to the present opportunities and challenges.

By comparison to 2007, enquiry levels for both offices and industrial increased during 2008, by 24% and 17% respectively. The average size requirement for offices stayed constant at around 464.50 sq m (5,000 sq ft), whereas the average industrial size requirement fell by 50%, to 929 sq m (10,000 sq ft). Having said this, the number of transactions fell during the course of 2008, and the RICS Q4 2008 national survey reported “71 percent more Chartered Surveyors reported a fall rather than rise in occupier demand compared to 53 percent in Q3 2008”.

Turning to supply in Oxford and the principal Oxfordshire towns, available office space in 2008 was 165,735 sq m (1,784,000 sq ft), more than double the amount of space available in 2007, which was 81,473 sq m (877,000 sq ft). Conversely, supply for industrial premises fell in 2008, by 35,349 sq m (380,511 sq ft).

Like most of the business community, we returned to work after Christmas wondering what 2009 would hold in store. What we have actually found during January and February is a marked increase in both enquiry and transaction levels. Interestingly, our level of enquiries are almost identical to January and February 2008.

What has changed are the criteria, and the way that transactions are taking place. Location, cost and flexibility are the only real issues at the moment, with other matters such as amenities and specification being of less importance. Companies can have a reason to enter the property market whether they are expanding, contracting or staying the same size. Companies realise that now is a good time to move, in order to take advantage of competitive deals available in the market place. Some companies are choosing to exercise their break options and renegotiate their lease terms and seek comparable quotations. At the moment, the vast majority of transactions are short term leases in order to maintain flexibility for the future, but as confidence and funding returns, we anticipate that freehold purchases will increase, particularly taking advantage of tax benefits available through SIPP purchases.

Private investors are also taking the opportunity to purchase properties representing good value, although there is still a restriction on the number of freehold investment opportunities coming to the market.

For further information contact Sarah Scott of Meeson Williams Limited on 01865 349011.

Meeson Williams Limited, Chartered Surveyors and Property Consultants based in Oxford. Specialising in the sales and letting of industrial, retail, office and other commercial properties in and around Oxfordshire. Additional services include acquisitions, rent review & lease renewal negotiations, development feasibility advice and many other aspects of commercial property consultancy.

Sarah Scott has over 12 years experience in the Oxfordshire commercial and residential property markets. Working for both private and public sectors, Sarah acts in the sale, letting and acquisition of commercial property. Sarah has lived and worked in Oxfordshire all of her life.